
INTRODUCTION

1. INTRODUCTION

The *Analytical Perspectives* volume presents analyses that highlight specific subject areas or provide other significant data that place the Budget in context and assist the public, policymakers, the media, and researchers in better understanding the budget's effects on the Nation. This volume complements the main Budget volume, which presents the President's budget policies and priorities by agency, and the Budget Appendix volume, which provides appropriations language, schedules for budget expenditure accounts, and schedules for selected receipt accounts.

Presidential budgets have included separate analytical presentations of this kind for many years. The 1947 Budget and subsequent budgets included a separate section entitled "Special Analyses and Tables" that covered

four and sometimes more topics. For the 1952 Budget, the section was expanded to 10 analyses, including many subjects still covered today, such as receipts, investment, credit programs, and aid to State and local governments. With the 1967 Budget this material became a separate volume entitled "Special Analyses," and included 13 chapters. The material has remained a separate volume since then, with the exception of the Budgets for 1991–1994, when all of the budget material was included in one large volume. Beginning with the 1995 Budget, the volume has been named *Analytical Perspectives*.

As in previous years, several large supplemental tables are available at http://www.budget.gov/budget/Analytical_Perspectives and on the Budget CD-ROM. A list of these items is in the Table of Contents.

OVERVIEW OF THE CHAPTERS

Economic and Budget Analyses

Economic Assumptions and Interactions Between the Economy and the Budget. This chapter reviews recent economic developments; presents the Administration's assessment of the economic situation and outlook, including the effects of macroeconomic policies; compares the economic assumptions on which the Budget is based with the assumptions for last year's Budget and those of other forecasters; illustrates how different economic paths would produce different budget results even if current law remained unchanged; and provides sensitivity estimates for the effects on the Budget of changes in specified economic assumptions. It also provides estimates of the cyclical and structural components of the budget deficit. Past errors in economic projections are reviewed.

Financial Stabilization Efforts and Their Budgetary Effects. This chapter focuses on Federal efforts to stabilize the economy and promote financial recovery in the wake of the deep recession of 2008, including the Troubled Asset Relief Program (TARP), reform of financial regulation, and other measures. The chapter also includes special analyses of the TARP as described in Section 203(a) of the Emergency Economic Stabilization Act of 2008.

Long-Term Budget Outlook. This chapter assesses the long-term budget outlook and the sustainability of current budget policy by focusing on 75-year projections of the Federal budget and showing how alternative long-term budget assumptions would produce different results. The chapter presents information on the size of the fiscal gap, and the budgetary effects of growing health costs.

Federal Borrowing and Debt. This chapter analyzes Federal borrowing and debt and explains the budget estimates. It includes sections on special topics such as the

trends in debt, agency debt, investment by Government accounts, and the statutory debt limit.

Performance and Management

Social Indicators. This chapter presents a selection of statistics that offer a numerical picture of the United States. Included are economic, demographic, socioeconomic and health statistics. There are also indicators of safety and security, and environment and energy.

Delivering a High-Performance Government. This chapter describes this Administration's approach to performance management—the Federal Government's use of performance goals, measurement, regular data-driven reviews, and information dissemination to improve outcomes that matter to the American people and deliver returns on the taxpayer's investment. It explains why this approach was chosen, progress made, and future plans. It also discusses implementation of the GPRA Modernization Act.

Program Evaluation and Data Analytics. This chapter underscores this Administration's commitment to using taxpayer dollars effectively and efficiently. It highlights the role of performance measurement and program evaluation, discusses several of the Administration's efforts to use evidence and evaluation in decision-making and program design, and highlights the Administration's commitment to use more and better empirical evidence.

Benefit-Cost Analysis. This chapter discusses the use of benefit-cost analysis to design programs and policies to ensure that they achieve the maximal benefit to society and do not impose unjustified or excessive costs.

Improving the Federal Workforce. Strengthening the Federal workforce is essential to building a high-performing Government. This chapter presents summary data

on Federal employment and compensation; examines the challenges posed by an aging Federal workforce; presents opportunities for strengthening the personnel system to achieve critical agency missions; and discusses progress in improving employee performance and human capital management.

Budget Concepts and Budget Process

Budget Concepts. This chapter includes a basic description of the budget process, concepts, laws, and terminology, and includes a glossary of budget terms.

Coverage of the Budget. This chapter describes those activities that are included in budget receipts and outlays (and are therefore classified as “budgetary”), as distinguished from those activities that are not included in the budget (and are therefore classified as “non-budgetary”). The chapter also defines the terms “on-budget” and “off-budget.”

Budget Process. This chapter discusses proposals to improve budgeting and fiscal sustainability within individual programs as well as across Government, describes the system of scoring mandatory and revenue legislation for purposes of the Statutory Pay-As-You-Go Act of 2010, and presents proposals to revise the budget baseline and improve budget presentation.

Federal Receipts

Governmental Receipts. This chapter presents information on estimates of governmental receipts, which consist of taxes and other compulsory collections. It includes detailed descriptions of tax legislation enacted in the last year and the receipts proposals in the Budget.

Offsetting Collections and Offsetting Receipts. This chapter presents information on collections that offset outlays, including collections from transactions with the public and intragovernmental transactions. In addition, this chapter presents information on “user fees,” charges associated with market-oriented activities and regulatory fees. The user fee information includes a description of each of the user fee proposals in the Budget.

Tax Expenditures. This chapter describes and presents estimates of tax expenditures, which are defined as revenue losses from special exemptions, credits, or other preferences in the tax code.

Special Topics

Aid to State and Local Governments. This chapter presents crosscutting information on Federal grants to State and local governments, including highlights of Administration proposals, a table displaying budget authority and outlays for all grant programs, and information on historical trends and data. An appendix to this chapter includes State-by-State spending estimates of major grant programs.

Strengthening Federal Statistics. This chapter discusses 2014 Budget proposals for the Government’s principal statistical programs.

Information Technology. This chapter gives an overview of Federal spending on information technology, and the major initiatives through which the Administration

is seeking to improve Federal information technology to deliver better value to taxpayers through improved program performance, greater efficiency and cost savings, and extending the transparency of Government and participation of citizens. The chapter also discusses the Administration’s plans to extend its accomplishments in Federal information technology from its first four years while continuing to provide strong information security and protection of privacy.

Federal Investment. This chapter discusses federally financed spending that yields long-term benefits. It presents information on annual spending on physical capital, research and development, and education and training, and on the cumulative capital stocks resulting from that spending.

Research and Development. This chapter presents a crosscutting review of research and development funding in the Budget, including discussions about priorities and coordination across agencies.

Credit and Insurance. This chapter provides crosscutting analyses of the roles, risks, and performance of Federal credit and insurance programs and Government-sponsored enterprises (GSEs). The general portion of the chapter covers the categories of Federal credit (housing, education, small business and farming, energy and infrastructure, and international) and insurance programs (deposit insurance, pension guarantees, disaster insurance, and insurance against terrorism-related risks). It also offers occasional discussions of special issues. This year, the chapter includes discussion of issues relating to “fair value” cost estimates for Federal credit programs. Two detailed tables, “Table 22–11, Direct Loan Transactions of the Federal Government” and “Table 22–12, Guaranteed Loan Transactions of the Federal Government,” are available at the Internet address cited above and on the Budget CD-ROM.

Homeland Security Funding Analysis. This chapter discusses homeland security funding and provides information on homeland security program requirements, performance, and priorities. Additional detailed information is available at the Internet address cited above and on the Budget CD-ROM.

Federal Drug Control Funding. This chapter displays enacted and proposed drug control funding for Federal departments and agencies.

California Bay-Delta Federal Budget Crosscut. This chapter presents information on Federal funding for the environmental restoration of California’s Bay-Delta, one of the Administration’s priority ecosystems. Additional detailed tables on Bay-Delta funding and project descriptions are available at the Internet address cited above and on the Budget CD-ROM.

Technical Budget Analyses

Current Services Estimates. This chapter presents estimates of what receipts, outlays, and the deficit would be if current policies remained in effect, using modified versions of baseline rules in the Balanced Budget Emergency Deficit Control Act (BBEDCA), as amended by the Budget Control Act of 2011. A detailed table, “Table

26–13, Current Services Budget Authority and Outlays by Function, Category, and Program” is available at the Internet address cited above and on the Budget CD-ROM.

Trust Funds and Federal Funds. This chapter provides summary information about the two fund groups in the budget—Federal funds and trust funds. In addition, for the major trust funds and several Federal fund programs, the chapter provides detailed information about income, outgo, and balances.

National Income and Product Accounts. This chapter discusses how Federal receipts and outlays fit into the framework of the National Income and Product Accounts (NIPAs) prepared by the Department of Commerce. The NIPA measures are the basis for reporting Federal transactions in the gross domestic product (GDP) and for analyzing the effect of the Budget on aggregate economic activity.

Comparison of Actual to Estimated Totals. This chapter compares the actual receipts, outlays, and deficit for 2012 with the estimates for that year published in the 2012 Budget. It also includes a historical comparison of the differences between receipts, outlays, and the deficit as originally proposed with final outcomes.

Budget and Financial Reporting. This chapter summarizes information about the Government’s financial performance that is provided by three complementary sources—the Budget, the financial statements, and the integrated macroeconomic accounts.

The following materials are available at the Internet address cited above and on the Budget CD-ROM:

Detailed Functional Table

Detailed Functional Table. Table 31–1, “Budget Authority and Outlays by Function, Category, and Program,” displays budget authority and outlays for major Federal program categories, organized by budget function (such as health care, transportation, or national defense), category, and program.

Federal Programs by Agency and Account

Federal Programs by Agency and Account. Table 32–1, “Federal Programs by Agency and Account,” displays budget authority and outlays for each account, organized by agency, bureau, fund type, and account.

